

Form 16

APPLICATION FOR OPTIONAL MORTGAGE COVENANT

Land Titles Act, S.N.B. 1981, c.L-1.1, s.25

Applicant: Paradigm Quest Inc.
c/o Cox & Palmer
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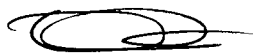
Optional Mortgage
Covenant: See attached Mortgage Covenants and Conditions

The Applicant applies for the assignment of a number to the specified optional mortgage covenant.

Date: November 30, 2015

Applicant: Paradigm Quest Inc.

By its agent



Per: Deborah M. Power

Number assigned to the specified optional mortgage covenant: CoxPal - 2665

Deputy Registrar General of Land Titles

**OPTIONAL MORTGAGE COVENANTS AND CONDITIONS
NUMBER NBC –**

Land Titles Act, S.N.B. 1981, c. L-1.1, s.25

The following set of standard mortgage terms are included in and form part of this Mortgage.

1. Meanings and Definitions

1.1 Definitions. In these Mortgage Terms:

"Agreements" means any agreements or other documents now or in the future, that gives rise or relates to Indebtedness or Obligations and any renewals, extensions, amendments, replacements, restatements and substitutions of such agreement or documents;

"Balance Due Date" means the date on which all unpaid Indebtedness becomes due and payable as set out in the Mortgage Form or the Agreements, or such earlier date on which the Lender can lawfully require payment of the Indebtedness. The Balance Due Date may also sometimes be referred to in the Agreements or in the Mortgage Form as the "Maturity Date";

"Borrower's Mailing Address" means the postal address of the Borrower set out in the Mortgage Form or the most recent postal address provided in a written notice given by the Borrower to the Lender under these Mortgage Terms;

"Borrower" means the person or persons named in the Mortgage Form as a borrower or a mortgagor;

"CMHC" means Canada Mortgage and Housing Corporation or any successor;

"Court" means a court or judge having jurisdiction in any matter arising out of this Mortgage;

"Default" includes each of the events of default listed in section 9;

"Genworth" means Genworth Mortgage Insurance Company (Canada) or any successor;

"Indebtedness" means the outstanding balance of all amounts, now or at any time due or owing to the Lender by the Borrower under any Agreements and this Mortgage, together with interest and other amounts owing under this Mortgage from the date of any advance, at the Interest Rate.

"Interest" means interest at the Interest Rate;

"Interest Adjustment Date" has the meaning set out in section 19;

"Interest Rate" means the interest rate shown on the Mortgage Form or on the Agreements, as the case may be;

"Lease" means the lease pursuant to which the Borrower has a leasehold interest, if any, in the Property;

"Lender's Mailing Address" means the postal address shown on the Mortgage Form or the most recent postal address provided in a written notice given by the Lender to the Borrower under these Mortgage Terms;

"Lender" means the person or persons named in the Mortgage Form as the lender or the mortgagee and includes any person to whom the Lender transfers this Mortgage;

"Mortgage Form" means the form of mortgage on which is set out certain particulars of this Mortgage;

"Mortgage Terms" means the terms and conditions applicable to the Mortgage contained in this document;

"National Housing Act" means the *National Housing Act*, R. S. C. 1985, c. N.-11, as amended and replaced from time to time;

"Obligations" means any one or more of the Borrower's obligations, promises and agreements contained in this Mortgage, other than Indebtedness;

"Place of Payment" means the Lender's Mailing Address or any other place specified in a written notice given by the Lender to the Borrower;

"Prime Rate" means the annual variable rate of interest published from time to time by the Lender as its prime rate and used as a reference rate for determining interest rates on Canadian Dollar

demand loans granted in Canada;

"Principal Amount" means the aggregate amount of all advances which the Lender has agreed to make to the Borrower from time to time under the Agreements;

"Property" means all the Borrower's present and future interest in the lands described in the Mortgage Form together with all buildings, improvements, appurtenances, now or later existing or acquired. If the interest mortgaged described in the Mortgage Form is a leasehold interest, the Property means all of the Borrower's rights to occupy the Property for the term and any renewals of the Lease;

"Spouse" means the spouse of the Borrower named in the Mortgage Form;

"Receiver" means a receiver or receiver manager appointed by the Lender under this Mortgage;

"Taxes" means all taxes, rates and assessments of every kind which are payable by any person in connection with this Mortgage, the Property or its use and occupation, or arising out of any transaction between the Borrower and the Lender, but not including the Lender's income tax; and

"this Mortgage" means the combination of the Mortgage Form and these Mortgage Terms.

2. Purpose of this Mortgage

- 2.1 **Mortgage of Property.** The Borrower, by signing this Mortgage, grants, mortgages and conveys the Property to the Lender as security for repayment of the Indebtedness and for performance of all the Obligations.
- 2.2 **Mortgage of Lease.** If the interest mortgaged is described in the Mortgage Form as a leasehold interest, the grant will be construed as a charge on the unexpired term of the Lease less the last day of that term.
- 2.3 **Security for Indebtedness.** This Mortgage is deemed to secure the Indebtedness from the date of execution of this Mortgage notwithstanding that at the time of realization or earlier, the Borrower has not been called on to pay any of the Indebtedness.
- 2.4 **Possession of Property.** The Borrower may continue to remain in possession of the Property as long as the Borrower is not in Default.
- 2.5 **Discharge of Mortgage.** When the Borrower has paid all the Indebtedness and performed all the Obligations and the Lender has no obligation to make any further advances or readvances, the Borrower will be entitled, at the Borrower's cost, to receive a discharge of this Mortgage. The discharge must be signed by the Lender and must be registered by the Borrower in the appropriate registry of deeds, land titles or land registration office to cancel or release the registration of this Mortgage against the Property.

3. Interest

- 3.1 **What Interest Applies To.** Interest is chargeable on the Indebtedness and is payable by the Borrower. Interest is not payable in advance.
- 3.2 **Calculation of Interest.** The Borrower will pay to the Lender Interest on the Indebtedness, unless stated otherwise in this Mortgage. Interest will be calculated and payable at the interest rate specified in the Agreements, both before and after the Balance Due Date, default and judgment, until the Indebtedness has been paid in full. Interest unpaid when due will be added to the Principal Amount and bear Interest. If the Interest Rate for any amount payable under this Mortgage is not specified in the Agreements, Interest shall be payable at the Interest Rate set out in the Mortgage Form.
- 3.3 **Maximum Interest.** If the Interest Rate would, except for this section, exceed the maximum rate permitted by the laws of the province where the Borrower resides or the laws of Canada in effect in such province, then the Interest Rate will be such maximum rate.

4. Payment of the Indebtedness

- 4.1 **Time, Place and Manner of Payment.** The Borrower promises to pay the Indebtedness without any set-off, deduction or abatement, to the Lender at the Place of Payment. Any moneys paid after 12:00 noon at the Place of Payment will be deemed to have been paid on the next day that the Lender is open for business. All payments by the Borrower must be in lawful money of Canada or such other currency as may be permitted in writing by the Lender.
- 4.2 **Payment on Demand.** The Borrower will pay to the Lender the balance of the Indebtedness immediately on demand by the Lender, unless stated otherwise in the Agreements.

5. Application of Payments

5.1 **Before Default.** Prior to a Default, each payment will be applied as set out in the Agreements. If any Agreement does not specify the manner in which payments will be applied, each payment will be applied first in payment of amounts payable under this Mortgage other than the Principal Amount and the Interest, secondly in payment of Interest, and thirdly in payment of the Principal Amount.

5.2 **After Default.** After a Default, each payment will be applied in any manner the Lender chooses.

6. **Taxes**

6.1 **Payment of Taxes by Borrower.** The Borrower promises to pay all Taxes when they are due and any debt which could rank prior to this Mortgage and to send to the Lender at the Place of Payment, within 30 days of the payment due date, evidence that such payments have been made.

6.2 **Government Assistance.** The Borrower promises to apply for all government grants, assistance and rebates in respect of Taxes.

7. **Other Promises of the Borrower**

7.1 **Borrower Promises.** The Borrower promises:

- a. to comply with all terms and conditions of any charge or encumbrance that ranks ahead of this Mortgage;
- b. to keep all buildings and improvements which form part of the Property in good condition and to repair them as needed or as the Lender reasonably requires and not to alter or tear down any building or part of a building which forms part of the Property;
- c. to enforce all warranties or insurance relating to the improvements;
- d. to comply with every present and future statute, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of the Property including, without limitation, environmental laws and regulations;
- e. to do all things and sign any other document that the Lender reasonably requires to ensure that payment of the Indebtedness remains secured by this Mortgage and any other security in priority to any third party security except as otherwise agreed by the Lender;
- f. not to do anything that has the effect of reducing the value of the Property. The Borrower must inform the Lender of any fact or event which could adversely affect the value of the Property or the financial condition of the Borrower;
- g. if the Borrower has rented the Property to a tenant, to keep, if required by the Lender, records of all rents received and of all expenses paid by the Borrower in connection with the Property and, at least annually, have a statement of revenue and expenses for the Property prepared by a professional accountant if the Lender requires and to give a copy of the statement to the Lender if the Lender requires the Borrower to do so;
- h. to insure and keep insured all buildings and improvements on the Property for not less than their full replacement value in Canadian Dollars until this Mortgage is discharged. The risks against which the Borrower must insure include loss or damage by fire with extended perils coverage and such additional perils, risks or events against which a prudent administrator would insure the Property. The Borrower must also insure and keep insured against loss and damage by explosion of, or caused by, any boiler or similar apparatus, against loss or damage caused by a sprinkler system and loss of revenue resulting from loss of or damage to the Property. All insurance policies must be carried with a company approved by the Lender and contain mortgage clauses approved by the Insurance Bureau of Canada confirming that loss proceeds are payable firstly to the Lender and the Lender has the first right to receive and to have a lien on the loss proceeds. If required by the Lender, the Borrower must send to the Lender a copy of all insurance policies and renewal of same upon receipt. All insurance policies must also provide that the insurer shall promptly advise the Lender of (i) any cancellation of a policy by the insurer for any reason, (ii) any failure by the insurer to renew a policy for any reason and (iii) any material change in the risk insured by the insurer. The Borrower hereby assigns to the Lender all amounts payable under any of these policies.
- i. on the happening of any damage, to furnish all necessary proofs to the Lender

Compliance with laws

Rented Property

Property Insurance

and do all necessary acts to enable the Lender to obtain payment of the insurance proceeds. Production of this Mortgage will be sufficient authority for the insurance company to pay any loss to the Lender. The Lender may use the insurance proceeds to repair or rebuild the Property, reduce the Indebtedness, whether due or not, including an amount to compensate the Lender for loss of Interest, or pay the Borrower;

- j. to pay all of the Lender's costs, including legal fees on a solicitor and own client basis, to:
 - (i) prepare and register this Mortgage, including all necessary steps to advance and secure the Indebtedness and to report to the Lender;
 - (ii) collect the Indebtedness;
 - (iii) enforce the terms of this Mortgage, including efforts to compel the Borrower to perform the Obligations;
 - (iv) do anything which the Borrower has promised to do but has not done; and
 - (v) prepare and give the Borrower a discharge of this Mortgage when the Borrower has paid all money due under this Mortgage and the Borrower wants it to be discharged;

Pre-Authorized Payments

- k. if the Lender requires the Borrower to do so, to arrange for all payments to be made by pre-authorized payments;
- l. to pay any money which, if not paid, would result in a default under any charge or encumbrance having priority over this Mortgage or which might result in the sale of the Property if not paid; and
- m. to pay and cause to be discharged any charges or encumbrances which are not prior encumbrances permitted by the Lender under this Mortgage.

7.2 Borrower States. The Borrower declares to the Lender that:

- a. the Borrower owns the Property and has the right to mortgage the Property to the Lender;
- b. the Borrower's title to the Property is subject only to:
 - (i) those charges and encumbrances that are registered in the appropriate registry of deeds, land titles or land registration office at the time the Borrower signed this Mortgage; and
 - (ii) any unregistered charges and encumbrances that the Lender has agreed to in writing;
- c. subject to paragraph (b) above, the Borrower:
 - (i) has not given or is not in the process of giving any other charge or encumbrance against the Property; and
 - (ii) has no knowledge of any other claim against the Property.

8. Covenants Between the Borrower and the Lender

8.1 Lender May Fulfill Borrower's Obligation. The Lender may, but is not required to, fulfill any of the Obligations of the Borrower or spend any money to perform any of the Obligations. Any sums of money which the Lender advances will become immediately due and payable by the Borrower to the Lender and added to the Indebtedness and will bear interest at the Interest Rate.

8.2 Subsequent Interests. By this Mortgage, the Borrower grants and mortgages any additional or greater interest in the Property that the Borrower may later acquire.

8.3 Inspection of Property. The Lender or the insurer (if this Mortgage is insured), or their respective agents, may at any reasonable time inspect the Property and any buildings and improvements which form part of it, or have it appraised from time to time. In addition, the Lender or the insurer, or their respective agents, may conduct at any reasonable time any environmental testing, site assessment, investigation, or study which the Lender or insurer considers necessary. The reasonable cost of any appraisal, testing, assessment, investigation, or study will be immediately due and payable by the Borrower and will be added to the Indebtedness. The Lender or the insurer, or their respective agents, will not become a mortgagee in possession by exercising these rights.

8.4 Repairs by Lender. The Lender may enter the Property at any reasonable time to make any repairs it deems necessary but the Lender will not become a mortgagee in possession by

exercising this right.

- 8.5 **Lender not Responsible for Maintenance.** If the Lender takes possession of the Property, the Lender will not be responsible for maintaining and preserving the Property or maintaining the use for which the Property is intended. The Lender need only account to the Borrower for any money which the Lender actually receives in connection with this Mortgage or the Property.
- 8.6 **Notice to Lender.** If the Borrower wants to give any notice to the Lender, the Borrower must provide it in writing and send it by registered mail to the Lender's Mailing Address.
- 8.7 **Notice to Borrower.** If the Lender wants to give any notice to the Borrower, the Lender must do so by having it delivered to the Borrower personally or by sending it by mail to the Borrower's Mailing Address.
- 8.8 **When Notice Received.** Any notice sent by mail to the Borrower is considered to have been received five days after it is mailed.
- 8.9 **Mail Strike or Disruption.** Any notice to be given by the Lender to the Borrower during a mail strike or disruption must be delivered rather than sent by mail.
- 8.10 **No Release on Sale.** The Borrower is not released from the Indebtedness or Obligations only because the Borrower sells the Property.
- 8.11 **Other Mortgages.** If the Borrower has mortgaged anything else to the Lender to secure payment of the Indebtedness, the Lender may take all lawful proceedings under any of the mortgages in any order that the Lender chooses.
- 8.12 **Lender Not Required to Make Advances.** The Lender does not have to make any advance or readvance unless the Lender wants to.
- 8.13 **Deductions from Advances.** The Lender may deduct from any advance of the Principal Amount:
- a. any Taxes that are due;
 - b. any Interest that is due and payable to the date of the advance;
 - c. the legal fees and disbursements to prepare and register this Mortgage including other necessary steps to advance and secure the Indebtedness and to report to the Lender; and
 - d. any insurance premium.
- 8.14 **Consolidation with Other Mortgages.** The Lender's right of consolidation applies to this Mortgage and to any other mortgages given by the Borrower to the Lender.
- 8.15 **Lender May Release Part of Property.** The Lender may at all times, whether or not the Lender receives any value, release any part or parts of the Property or any other security or any surety for payment of all or any part of the Indebtedness or may release the Borrower or any other person from any covenant or other liability to pay the Indebtedness without being accountable to the Borrower except for the money which the Lender actually receives. Notwithstanding any such release, the Property, security and covenants remaining unreleased will remain charged for the repayment of all the Indebtedness.
9. **Defaults**
- 9.1 **Events of Default.** A Default occurs under this Mortgage if:
- a. the Borrower does not make any payment required under this Mortgage;
 - b. any statement, certification, representation, covenant or agreement the Borrower has given to the Lender in this Mortgage or any Agreement, is or becomes untrue;
 - c. the Borrower breaks or does not perform any of the Obligations;
 - d. the Borrower breaks any promise or agreement which the Borrower has made to the Lender in a mortgage of any other property or in any other agreement the Borrower has made with the Lender even though the Borrower may not have broken any of the Obligations;
 - e. the Borrower defaults under any of the Agreements or other loans, instruments, agreements to which it is a party with the Lender or under any other security affecting the Property;
 - f. the Borrower ceases to carry on its operation, becomes insolvent or bankrupt;
 - g. the Property is abandoned or is left unoccupied for thirty or more consecutive days;

- h. the Property or any part of it is expropriated;
 - i. the Borrower sells or agrees to sell all or any part of the Property or the Borrower leases it or any part of it without the prior written consent of the Lender;
 - j. the Borrower gives another mortgage of the Property to someone other than the Lender without the prior written consent of the Lender;
 - k. any type of lien whatsoever, including a mechanic's lien, builder's lien, judgment or any similar encumbrance is registered against the Property or the Lender receives notice that a lien or judgment will be obtained;
 - l. the Property is seized or is subject to a taking of possession by another mortgagee, its agent, or a Receiver or any other person performing similar functions; or
 - m. improvements to the Property remain unfinished and no work has been done for a period of fifteen consecutive days.
- 9.2 **Defaults in Other Agreements.** A default under any of the Agreements will have the same effect as though a Default had occurred under this Mortgage.
- 9.3 **Lender Determines Default.** If the Borrower may exercise any right under this Mortgage when not in Default, the Lender will determine if a Default has occurred.
10. **Consequences of a Default**
- 10.1 **Payment on Default.** If a Default occurs, all the Indebtedness will, if the Lender chooses, at once become due and payable.
- 10.2 **Lender's Rights on Default.** If a Default occurs, the Lender may, where permitted by applicable law and then in any order that the Lender chooses, do any one or more of the following:
- a. demand payment of all the Indebtedness;
 - b. sue the Borrower for the amount of money due;
 - c. take proceedings and any other legal steps to compel the Borrower to fulfill the Obligations;
 - d. enter upon and take possession of the Property;
 - e. sell the Property and other property by public auction or private sale on terms decided by the Lender, including selling the Property for cash or credit or any combination of the two:
 - (i) on thirty-five days notice to the Borrower if the Default has continued for fifteen days; or
 - (ii) without notice to the Borrower if the Default has continued for sixty days or more;
 - f. sell the Property pursuant to the provisions of the *Property Act* (New Brunswick), as amended or re-enacted;
 - g. lease the Property on terms decided by the Lender:
 - (i) on fifteen days' notice to the Borrower if the Default has continued for fifteen days; or
 - (ii) without notice to the Borrower if the Default has continued for thirty days or more;
 - h. apply to the Court for an order that the Property be sold on terms approved by the Court;
 - i. apply to the Court to foreclose the Borrower's interest in the Property so that when the Court makes its final order of foreclosure the Borrower's interest in the Property will be absolutely vested in and belong to the Lender;
 - j. appoint a Receiver of the Property;
 - k. enter upon and take possession of the Property without the permission of anyone and make any arrangements the Lender considers necessary to:
 - (i) inspect, lease, collect rents or manage the Property;
 - (ii) complete the construction of any building on the Property; or
 - (iii) repair any building on the Property;
 - l. take whatever action is necessary to take, recover and keep possession of the Property.
- 10.3 **Powers of the Court.** Nothing in subsection 10.2 affects the jurisdiction of the Court.
- 10.4 **Sale by Lender.** Subject to applicable law, if the Lender sells the Property by public auction or by private sale or pursuant to a power of sale the Lender will use the amount received from the sale to pay:
- a. the Indebtedness;

- b. any real estate agent's commission;
 - c. all adjustments usually made on the sale of Property;
 - d. all of the Lender's expenses and costs described in subsection 10.6; and
 - e. any other amounts required to be paid in accordance with any applicable law; and will pay any surplus;
 - f. according to an order of the Court if the Property is sold by an order of the Court; or
 - g. to the Borrower if the Property is sold other than by an order of the Court.
- 10.5 **Deficiency After Sale.** Subject to applicable law, if the money available to pay the Indebtedness after payment of the commission, adjustments and expenses referred to in paragraphs 10.4 (b) to (e) is not sufficient to pay all the Indebtedness, the Borrower will pay to the Lender on demand the amount of the deficiency.
- 10.6 **Payment of Lender's Expenses and Costs.** The Borrower will pay to the Lender on demand all expenses and costs incurred by the Lender in enforcing this Mortgage. These expenses and costs include the Lender's cost of taking and keeping possession of the Property, the cost of the time and services of the Lender or the Lender's employees for so doing, the Lender's legal fees and disbursements on a solicitor and own client basis, and all other costs and expenses incurred by the Lender to protect the Lender's interest under this Mortgage. These expenses and costs will be payable on demand and will bear interest at the Interest Rate until they are fully paid.
- 10.7 **Lender's Rights After Judgment.** If the Lender obtains judgment against the Borrower as a result of a Default, the remedies described in subsection 10.2 may continue to be used by the Lender to compel the Borrower to perform the Obligations. The Lender will continue to be entitled to receive Interest on the Indebtedness, until the judgment is paid in full.
- 10.8 **No Waiver of Rights.** If the Lender does not exercise any of the Lender's rights on the happening of a Default or does not ask the Borrower to cure it, the Lender is not prevented from later compelling the Borrower to cure that Default or exercising any of those rights in connection with that Default or any later Default of the same or any other kind.
11. **Construction of Buildings or Improvements**
- 11.1 **No Construction, Alteration or Addition Without Consent.** The Borrower will not construct, alter or add to any buildings or improvements on the Property without the prior written consent of the Lender, and then only in accordance with accepted construction standards, building codes and municipal or government requirements and plans and specifications approved by the Lender.
- 11.2 **Progress Advances.** If this Mortgage is intended to finance any construction, alteration or addition, the Lender may make advances to the Borrower based on the progress of construction. The Lender will decide whether or not any advances will be made, the amount of the advances, and when they will be made.
12. **Rental**
- 12.1 **Lender to Approve Rental.** If the Property or any part of the Property is intended to be used as residential premises, the Borrower represents that no part of the Property is rented or occupied by a tenant and the Borrower promises not to rent, lease or enter into a tenancy agreement of any part of the Property without obtaining the Lender's prior approval, which approval may be refused at the sole discretion of the Lender.
- 12.2 **Borrower's Obligations.** If the Property or any part of the Property is intended to be used as rental premises and the Lender has consented to such rental, the Borrower:
- a. has to deliver to the Lender a copy of all leases related to the Property and will provide any and all information related to the rents on the Lender's request;
 - b. will only lease the Property at a value corresponding to a lease at the fair market value and will not accept payment in advance of more than one month's rent; and
 - c. assigns, as additional and separate security for the Indebtedness, all existing and future rents and leases relating to the Property. In particular, the Borrower transfers and assigns to the Lender as security:
 - (i) all leases, lease agreements and their renewals;
 - (ii) all rents and other money payable under the terms of all such leases and agreements; and
 - (iii) all the Borrower's rights under such leases and agreements.

12.3 **Receipt of Rents.** Notwithstanding subsection 12.2, the Lender will allow the Borrower to receive the rents as long as the Borrower is not in Default. If the Lender withdraws this privilege, the Lender may collect such rents and revenues and will be entitled to a reasonable commission which it may deduct from any amounts collected.

12.4 **Lender Not Responsible.** Nothing in this section 12 will make the Lender a mortgagee in possession or will have the effect of making the Lender responsible for collecting rent or complying with any terms of any lease or agreement.

13. Leasehold Mortgage

13.1 **Application to Leases.** This section 13 applies if the interest mortgaged shown in the Mortgage Form is or includes a leasehold interest.

13.2 **Borrower Promises.** The Borrower represents to the Lender that:

- a. the Borrower has provided to the Lender a true and complete copy of the Lease;
- b. the Lease is owned by the Borrower subject only to those charges and encumbrances that are registered in the appropriate registry of deeds, land titles or land registration office at the time the Borrower signs this Mortgage;
- c. the Lease is in good standing;
- d. the Borrower has complied with all the Borrower's promises and agreements contained in the Lease;
- e. the Borrower has paid all rent that is due and payable under the Lease;
- f. the Lease is not in default; and
- g. the Borrower has the right to mortgage the Lease to the Lender.

13.3 **Borrower's Obligation.** The Borrower will:

- a. comply with the Lease and not do anything that would cause the Lease to be terminated;
- b. immediately give to the Lender a copy of any notice or request received from the Landlord;
- c. immediately notify the Lender if the Landlord advises the Borrower of the Landlord's intention to terminate the Lease before the term expires; and
- d. sign any other document the Lender requires to ensure that any greater interest in the Property that is acquired by the Borrower is charged by this Mortgage.

13.4 **Default Under Lease.** Any default under the Lease is a Default under this Mortgage.

13.5 **No Changes to Lease.** The Borrower promises the Lender that the Borrower will not, without first obtaining the written consent of the Lender:

- a. surrender or terminate the Lease; or
- b. agree to change the terms of the Lease.

13.6 **Lender May Perform.** The Lender may perform any promise or agreement of the Borrower under the Lease.

13.7 **Lender Not Responsible.** Nothing done by the Lender under this section 13 will make the Lender a mortgagee in possession.

14. Receiver

14.1 **Lender May Appoint Receiver.** The Borrower appoints both the Lender and any agent of the Lender as the Borrower's attorney to appoint a Receiver of the Property.

14.2 **Powers of Receiver.** The Lender or the Lender's agent may, if any Default happens, appoint a Receiver of the Property and the Receiver:

- a. will be the Borrower's agent and the Borrower will be solely responsible for the Receiver's acts or omissions;
- b. has power, either in the Borrower's name or in the name of the Lender, to demand, recover and receive income from the Property and start and carry on any action or court proceeding to collect that income;
- c. may lease or sublease the Property or any part of it on terms and conditions that the Receiver chooses;

- d. may complete the construction of or repair any improvement on the Property;
- e. may take possession of all or part of the Property;
- f. may manage the Property and maintain it in good condition;
- g. has the power to perform, in whole or in part, the Obligations; and
- h. has the power to do anything that, in the Receiver's opinion, will maintain and preserve the Property or will increase or preserve the value or income potential of the Property.

14.3 **Use of Income by Receiver.** From income received, the Receiver may, in any order the Receiver chooses, (i) retain enough money to pay or recover the cost to collect the income and to cover other disbursements; (ii) retain its commission as receiver; (iii) pay all Taxes and the cost of maintaining the Property in good repair, completing the construction of any building or improvement on the Property, supplying goods, utilities and services to the Property and take steps to preserve the Property from damage by weather, vandalism or any other cause; (iv) pay any money that might, if not paid, result in a default under any charge or encumbrance having priority over this Mortgage or that might result in the sale of the Property if not paid; (v) pay taxes in connection with anything the Receiver is entitled to do under this Mortgage; (vi) pay Interest to the Lender that is due and payable; (vii) pay all or part of the Indebtedness to the Lender whether or not it is due and payable; (viii) pay any other money owed by the Borrower under this Mortgage; and (ix) pay insurance premiums.

14.4 **Receiver May Borrow.** The Receiver may borrow money for the purpose of doing anything the Receiver is authorized to do.

14.5 **Borrower Responsible for Borrowing by Receiver.** Any money borrowed by the Receiver, and any interest charged on that money and all the costs of borrowing, will be added to and be part of the Indebtedness.

14.6 **Replacement of Receiver.** A Receiver appointed by the Lender may be removed by the Lender and the Lender may appoint another in the Receiver's place.

14.7 **Receiver's Costs and Expenses.** The commission and disbursements of the Receiver will be a charge on the Property and will bear Interest.

14.8 **Lender Not Responsible.** Nothing done by the Receiver under this section 14 will make the Lender a mortgagee in possession.

15. Condominium Provisions

15.1 **Condominium Provisions.** This section 15 applies if the Property is or becomes a condominium created under the applicable laws of the province where the Property is located (the "Condominium Laws"). The Borrower will comply with this section 15 in addition to all other terms of this Mortgage.

15.2 **Borrower Will Obey Condominium Rules.** The Borrower will perform all of the Borrower's obligations as a condominium owner under the Condominium Laws and the declaration, bylaws, rules and regulations of the condominium corporation (the "Constituting Documents") and will pay all money owed by the Borrower to the condominium corporation.

15.3 **Insurance.** The Borrower will cause the condominium corporation to insure the Property and the common elements in accordance with the Condominium Laws. In addition, the Lender agrees that the provisions of the Condominium Laws regarding the insurance proceeds will prevail notwithstanding paragraph 7.1(i).

15.4 **Right to Vote.** The Borrower gives to the Lender the right to vote for the Borrower under the Constituting Documents, but the Lender is not required to do so or to attend or vote at any meeting or to protect the Borrower's interest.

15.5 **Borrower to Supply Copies of Documents.** At the request of the Lender, the Borrower will give the Lender copies of all notices, financial statements and other documents given by the condominium corporation to the Borrower.

15.6 **Lender is Borrower's Agent.** The Borrower appoints the Lender to be the Borrower's agent to inspect or obtain copies of any records or other documents of the condominium corporation that the Borrower is entitled to inspect or obtain.

15.7 **Indebtedness May Become Due.** If the condominium corporation transfers, charges or adds to the common property, or amends its Constituting Documents without the consent of the Lender, and if, in the Lender's opinion, the value of the Property is reduced, the Indebtedness will, at the Lender's option, become due and payable immediately to the Lender on demand.

15.8 **Lender May Require Payment.** At the option of the Lender, the Indebtedness will become due

and payable immediately if:

- a. government of the property of the condominium corporation under the Condominium Laws is terminated or wound up as described in the Condominium Laws or the Constituting Documents;
- b. a vote of the condominium owners authorizes the sale of the property of the condominium corporation or of a part of its common property;
- c. the condominium corporation fails to comply with the Condominium Laws or the Constituting Documents;
- d. the condominium corporation fails to insure the condominium units and common property against destruction or damage by fire and other perils usually insured against for full replacement cost; or
- e. the condominium corporation fails, in opinion of the Lender, to manage its property and assets in a careful way or to maintain its assets in good repair.

15.9 **Lender Not Responsible.** Nothing done by the Lender under this section 15 will make the Lender a mortgagee in possession.

16. Subdivision

16.1 **Effect of Subdivision.** If the Property is subdivided:

- a. this Mortgage will charge each subdivided lot as security for payment of all the Indebtedness; and
- b. the Lender is not required to discharge this Mortgage as a charge on any of the subdivided lots unless all the Indebtedness is paid.

17. Current and Running Account

17.1 **Advances or Readvances by Lender.** If the Agreements provide that this Mortgage secures a current or running account, the Lender may, on one or more occasions, advance and readvance all or part of the Principal Amount and this Mortgage:

- a. will be security for payment of the Principal Amount as advanced and readvanced and for all other money payable to the Lender under this Mortgage;
- b. will not be considered to have been redeemed only because:
 - (i) the advances and readvances made to the Borrower have been repaid, or
 - (ii) the accounts of the Borrower with the Lender cease to be in debit; and
- c. remains effective security for further advances and readvances until the Borrower has received a discharge of this Mortgage.

18. Promissory Notes

18.1 **Notes as Additional Security.** Any promissory note or notes, taken in connection with either any advance or readvance or otherwise, are taken as (additional) collateral security and not in satisfaction of the Indebtedness.

19. Mortgage Insured Pursuant to National Housing Act

19.1 All provisions of this Mortgage apply to a mortgage insured by CMHC and if there is a conflict between these provisions and this section 19, the following will prevail to the extent of the conflict:

- a. **National Housing Act.** If the Agreements specify that this Mortgage is insured by CMHC, this Mortgage will be considered to have been made pursuant to the *National Housing Act* and the definition of Indebtedness as stated in subsection 1.1 will include any advance secured by this Mortgage and insured by CMHC but will be limited to insured amounts allowed under the *National Housing Act*.
- b. **Taxes** The Lender may allow the Borrower to pay the Taxes directly to the appropriate authority, subject to such conditions as the Lender may set from time to time. In that case, the Borrower will pay the Taxes to the Lender in the manner described in section 6. However, the Borrower agrees that the Lender may withdraw this privilege at any time and the Borrower will pay the Taxes in the manner set out in the Agreements.
- c. **Insurance** The Borrower promises to insure the Property in accordance with paragraph 7.1(h) above. In addition, the Borrower will send a certified copy of each insurance policy

immediately upon the execution of this Mortgage and, not less than 15 days before any policy expires, the renewal certificate or certified copy of the replacement policy to the Lender at the Place of Payment.

- d. **Inspection of Property** The Lender or its agent or CMHC's agent may inspect the Property in accordance with paragraph 8.3 above.

20. **Spouse of the Borrower**

- 20.1 **Consent of Spouse.** The Spouse consents to the granting of this Mortgage by the Borrower and releases to the Lender any claim or interest that the Spouse has or may have in the Property under any applicable matrimonial laws of the province where the Property is located as far as such release is necessary to give effect to the Lender's rights under this Mortgage.

21. **General**

- 21.1 **Who this Mortgage Binds.** This Mortgage binds the Borrower, the Spouse (if any) and their successors, executors, administrators and assigns.
- 21.2 **Amendments.** Any agreement to make material changes to this Mortgage will not only apply to those who agree to the changes in writing but to any person, including the Spouse (if any), who signed the original Mortgage.
- 21.2.3 **Joint and Several Obligations.** Each person who signs this Mortgage as a Borrower is jointly and severally liable for all of the Obligations as though each such Borrower had been the only Borrower to sign.
- 21.4 **Unenforceable Provisions.** If any part of this Mortgage is not enforceable all other parts will remain in effect and be enforceable against the Borrower or Spouse (if any).
- 21.5 **Lender May Make Changes.** The Lender may, without consent, assign, grant security interests in or otherwise dispose of all or some of the Indebtedness or this Mortgage.
- 21.6 **Responsibility of Lender.** The Lender is only liable for its intentional fault or gross negligence.
- 21.7 **Lender May Delegate.** The Lender may delegate the exercise of its rights or the performance of its obligations to another person. In that event, the Lender may furnish that person with any information it may have concerning the Borrower or the Property.
- 21.8 **Cash Back Option.** If the Agreements offer a cash back option and any of the terms and conditions related to this option are not fulfilled, the Borrower will repay the Lender a portion of the cash amount received.
- 21.9 **Headings.** Headings in the Mortgage do not form part of this Mortgage but are used only for easy reference.
- 21.10 **Interpretation.** In this Mortgage the singular includes the plural and vice versa.
- 21.11 **Conflicts Between Documents.** If there is a conflict between any provision of this Mortgage and any of the Agreements, the relevant provision in the Agreements shall prevail to the extent of the conflict.

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